

Message Text

LIMITED OFFICIAL USE

PAGE 01 MOGADI 00032 071121Z

21

ACTION AID-05

INFO OCT-01 AF-06 ISO-00 EB-07 IGA-01 AGR-05 COME-00

TRSE-00 SP-02 CIAE-00 INR-07 NSAE-00 RSC-01 /035 W

----- 078476

P 071016Z JAN 75

FM AMEMBASSY MOGADISCIO

TO SECSTATE WASHDC PRIORITY 2532

LIMITED OFFICIAL USE MOGADISCIO 0032

FOR AID

E.O. 11652: N/A

TAGS: EFIN, SO

SUBJECT: ECONOMIC CRISIS: REVIEW OF LDC BOP

REF: STATE 275634

1. LISTED BELOW IS DATA REQUESTED FOR SOMALIA FOR CY 73, 74, AND 75. INFORMATION IS BASED ON OFFICIAL GSDR AND CENTRAL BANK PUBLICATIONS (WHICH ARE BOTH INCOMPLETE AND SHOW SOME VARIATION FROM ONE PUBLICATION TO NEXT), AS WELL AS LATEST INFORMATION GLEANED INFORMALLY FROM IBRD OFFICIALS DURING RECENT VISIT. ALL FIGURES IN MILLION US DOLLARS.

V	73	74	75
(A) EXPORTS TOTAL (FOB)			\$57.8 \$54 \$51
1. LIVESTOCK	32.0	29	24
2. BANANAS	12.2	12	12

(B) IMPORTS TOTAL (CIF)	114.0	130	130
1. FOOD GRAINS	12.0	15	20
2. PETROLEUM	4.0	5	6

(C) TRADE BALANCE MINUS \$56 MINUS \$65 MINUS \$79

(D) NET SERVICES 5 MINUS \$14 MINUS \$13

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 MOGADI 00032 071121Z

(E) NET TRANSFERS 11 24 27

(F) CURRENT BALANCE MINUS 40 MINUS 66 MINUS 65

(G) OFFICIAL CAPITAL

MED AND LONG TERM NET	28	34	47
1. US	--	--	--
2. OTHER DAC	8	9	10
3. OIL PRODUCERS (OPEC)	10	15	25
4. COMMUNIST COUNTRIES	10	10	12

(H) PRIVATE CAPITAL (NET) 4.5 5 5

(I) OVERALL BALANCE MINUS 7 MINUS 27 MINUS 13

(J) FINANCED BY:

1. IMF OIL FACILITY			
2. IMF OTHER	13		
3. SHORT TERM BORROWINGS	12		
4. CHANGE IN RESERVES	MINUS 7	MINUS 15	NO CHANGE

(K) DEBT SERVICE 4.7 O/O 5.0 O/O 5.0 O/O

KL) FOREIGN EXCHANGE RESERVES 31.5 16.5 16.5

COMMENT:

2. COMPLETE STATISTICS FOR CY 1973 ARE NOT RPT NOT YET AVAILABLE AND OUR FIGURES BASED UPON CURRENT ESTIMATES FROM MINPLANNING AND CENTRAL BANK. GIVEN PAUCITY OF INFO ON GSDR FINANCIAL SITUATION, WE HAVE ALSO USED ESTIMATES PROVIDED INFORMALLY BY IBRD OFFICIALS WHO WERE RECENTLY IN SOMALIA, AND HAVE ALSO PROJECTED FROM FIGURES AVAILABLE IN 1974 IMF PUBLICATION.

3. MAJOR PROBLEM AFFECTING GSDR AT PRESENT IS DROUGHT, WHICH HAS GREATLY REDUCED AGRICULTURAL OUTPUT AND LIVESTOCK EXPORTS, WHILE GREATLY INCREASING FOOD IMPORTS. EFFECT OF ENERGY CRISIS IS MUCH LESS A FACTOR. RISE IN GSDR IMPORTS IN 1973 ATTRIBUTED PRINCIPALLY TO CAPITAL EQUIPMENT INFLOWS FOR DEVELOPMENT PROJECTS, WHICH CAN OF COURSE BE SUSPENDED DURING CURRENT DROUGHT CRISIS. GSDR HAS LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 MOGADI 00032 071121Z

TAKEN MUCH TIGHTER GRIP ON IMPORTS IN 1974, ALTHOUGH SOME ANALYSTS SAY

74 BALANCE OF TRADE DEFICIT WILL MOVE CLOSE TO US\$ 94 MILLION, WHICH IS BIG JUMP OVER 73. WE BELIEVE DEFICIT WILL BE SMALLER.

4. ON CAPITAL INFLOW FIGURES, OUR BREAKDOWN BY SOURCE IS ROUGH ESTIMATE ONLY. IT IS EXTREMELY DIFFICULT TO IDENTIFY BY COUNTRY OFFICIAL CAPITAL TRANSACTIONS AND FURTHER REFINEMENT SEEMS

VIRTUALLY IMPOSSIBLE. SOMALIA IS HEAVILY DEPENDENT UPON FOREIGN GRANTS AND LOANS, NOT ALL OF WHICH ARE EARMARKED FOR SPECIFIC DEVELOPEMENT PROJECTS. IN TIMES OF BOP AND BUDGETARY PRESSURE, DEVELOPMENT GRANTS HAVE BEEN USED TO FINANCE GSDR DEFICITS. IN CURRENT DROUGHT CRISIS, DEVELOPMENT BUDGET WILL SUFFER BUT EXTENT OF SET BACK NOT KNOWN.

5. OUR BOP DEFICIT FIGURES FOR CY 74 AND CY 75 ARE SOMEWHAT MORE PESSIMISTIC THAN EITHER GSDR OF IBRD PROJECTIONS, ALTHOUGH WE BELIEVE THAT TRADE DEFICIT WILL BE LESS THAN PREDICTED, PRIMARILY BECAUSE OF IMPORT CONTROLS INSTITUTED SINCE MID-1974. WE DO NOT BELIEVE HOWEVER THAT GSDR ESTIMATES OF OFFICIAL CAPITAL INFLOW FOR 1974 ARE REALISTIC. WE BELIEVE THEREFORE THAT THE OVERALL BOP DEFICIT, AND THE SUBSEQUENT DECLINE IN FOREIGN EXCHANGE RESERVES, WILL BE MUCH LARGER THAN ANTICIPATED.
KIRK

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FINANCIAL CRISIS, LESS DEVELOPED COUNTRIES, BALANCE OF PAYMENTS DATA, ECONOMIC REPORTS
Control Number: n/a
Copy: SINGLE
Draft Date: 07 JAN 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975MOGADI00032
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750006-0017
From: MOGADISCIO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750173/aaaacyl.tel
Line Count: 131
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION AID
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 STATE 275634
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 28 AUG 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <28 AUG 2003 by WorrelSW>; APPROVED <02 SEP 2003 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: ECONOMIC CRISIS: REVIEW OF LDC BOP
TAGS: EFIN, SO
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006